

**South Summit Fire Protection District
Oakley, Utah**

Financial Statements
with Auditors' Report Thereon
and Additional Information

For the Year Ended December 31, 2008

South Summit Fire Protection District

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
South Summit Fire Protection District
Oakley, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Summit Fire Protection District as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the South Summit Fire Protection District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Summit Fire Protection District as of December 31, 2008, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2009 on our consideration of South Summit Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ulrich & Associates, P.C.

April 30, 2009

South Summit Fire Protection District

Management's Discussion and Analysis

December 31, 2008

As management of the South Summit Fire Protection District, we offer readers of the South Summit Fire Protection District's financial statements this narrative overview and analysis of the financial activities of the South Summit Fire Protection District for the fiscal year ended December 31, 2008.

Financial Highlights

Total net assets of \$1,041,924 is made up of \$891,075 in capital assets less related debt of \$259,329, and other net assets of \$410,178. All of the net asset amount is unrestricted.

Total long-term liabilities of the District were reduced by \$33,977.

Reporting the District as a Whole

This discussion and analysis is intended to serve as an introduction to the South Summit Fire Protection District's basic financial statements. The South Summit Fire Protection District's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also include other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the South Summit Fire Protection District's finances, in a manner similar to a private-sector business.

The statements of net assets presents information on all of South Summit Fire Protection District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the South Summit Fire Protection District is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

The statement of activities presents information showing how the District's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of the South Summit Fire Protection District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities, although the District has no business-type activities).

The government-wide financial statements can be found on the pages following the management discussion and analysis.

South Summit Fire Protection District

Management's Discussion and Analysis

December 31, 2008

Reporting the District's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The South Summit Fire Protection District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

For South Summit Fire Protection District, the only major governmental fund (as determined by generally accepted accounting principles) is the general fund. However, management has chosen to reflect the capital projects fund as a major fund for reporting purposes.

Proprietary funds - The South Summit Fire Protection District has no proprietary funds.

Government-wide Financial Analysis

Net assets, over time, are intended to serve as an indicator of a government's financial position. In the South Summit Fire Protection District, assets exceeded liabilities by \$1,041,924, a decrease of \$47,577 over the prior year. This decrease was mainly due to depreciation expense taken on the District capital assets. By far, the largest portion of the South Summit Fire Protection District's net assets is its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, etc). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

South Summit Fire Protection District

Management's Discussion and Analysis

December 31, 2008

Statement of Net Assets

	Governmental Activities	
	2008	2007
Current and other assets	\$ 424,429	424,904
Capital assets	891,075	1,032,214
Total assets	1,315,504	1,457,118
Long-term debt outstanding	259,329	293,306
Other liabilities	14,251	74,311
Total liabilities	273,580	367,617
Net Assets		
Invested in capital assets, net of debt	631,746	738,908
Unrestricted	410,178	350,593
Total net assets	\$ 1,041,924	1,089,501

Changes in Net Assets

	Governmental Activities 2008
Revenues	
Property taxes	\$ 239,599
Grants	34,014
Charges for services	23,034
Other income	5,052
Interest income	5,162
Total revenues	306,861
Expenses	
Administration	30,952
Professional services	6,487
Personnel costs	35,807
Operation, maintenance, and capital outlay	267,889
Total expenses	341,135
Interest expense	(13,303)
Increase (decrease) in net assets	(47,577)
Net assets, beginning of year	1,089,501
Net assets, end of year	\$ 1,041,924

South Summit Fire Protection District

Management's Discussion and Analysis

December 31, 2008

Financial Analysis of Government Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of December 31, 2008, the District's general fund reported a fund balance of \$224,641. This represents an increase of \$3,992 (2%) over last year's ending balance. Most of the District revenues and expenses remained relatively constant during the year; however, the District transfers money over every year to the capital projects fund to cover current and future projects. Uses of the transfer include accelerated payoff of debt and fixed asset expenditures. Anticipated projects for capital project funds include a new or upgraded Kamas station and additional Oakley station apparatus.

The general fund is the chief operating fund of the District. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Property taxes increased slightly, and continue to be the largest source of revenue in the general fund, representing almost 80% of total general fund revenues. The remaining income is made up of interest income, a small grant, miscellaneous income, and firefighting income. Firefighting income is from the County, which is passed on to firefighters to help offset costs incurred while fighting fires. Grant income continued to decrease in the current year since the District has not been writing as many grants and grant awards have been decreasing. The District expects this revenue source to fluctuate from year to year depending on the writing of grants, what is available, and what is awarded to the District.

Changes in the governmental funds include a decrease in revenues of \$17,562 which was due in part to the continued decrease in grant awards. Additionally, the collection of prior year taxes decreased in 2008. The District continues to perform fire inspections for which a small fee is collected, and it plans to continue performing these inspections in coming years. Expenditures decreased in the current year due mainly to paying off an outstanding lease obligation in the prior year.

General Fund Budgetary Highlights

During the fiscal year the original general fund budget was amended from an expenditure total of \$139,620 to a final budget expenditure total of \$113,695 (-19%). The decrease was made to more accurately reflect the expenditures in the District for the year.

South Summit Fire Protection District

Management's Discussion and Analysis

December 31, 2008

Capital Asset and Debt Administration

Capital assets - The District invested \$2,500 in capital assets for its governmental activities as of December 31, 2008, and the total decrease in the District's investment in fixed assets for the current year was \$141,139. The decrease was due to depreciation expense exceeding new purchases for the year.

Although some smaller assets under the capitalization policy were purchased, the only major capital asset purchased during the current fiscal year was the following:

\$2,500 for a decontamination unit.

South Summit Fire Protection District's Capital Assets

	Governmental Activities 2008
Land	\$ 177,000
Water rights	1,000
Buildings and improvements	802,890
Machinery and equipment	1,480,415
Less: Accumulated depreciation	(1,570,230)
Total capital assets	<u>\$ 891,075</u>

Additional information on the District's capital assets can be found in the footnotes of this report.

Long-term Debt

At December 31, 2008, the District had no bonded debt outstanding.

South Summit Fire Protection District's Long-term Debt

	Governmental Activities 2008
Capital lease payable	\$ 259,329
Notes payable	-
Total debt	<u>\$ 259,329</u>

The District's total debt decreased by \$33,977 during the fiscal year.

Additional information on the outstanding debt obligations of the District can be found in the footnotes to this report.

BASIC FINANCIAL STATEMENTS

South Summit Fire Protection District

Statement of Net Assets

December 31, 2008

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 208,718
Prepaid expense	4,944
Receivables - net	
Property taxes	210,767
Grants	-
Capital assets (net of accumulated depreciation)	
Land	177,000
Water rights	1,000
Buildings and improvements	320,962
Machinery and equipment	392,113
Total assets	<u>1,315,504</u>
<u>Liabilities</u>	
Accounts payable and accrued liabilities	1,724
Accrued interest payable	133
Deferred revenue	12,394
Capital lease payable - current	38,144
Capital lease payable - noncurrent	221,185
Total liabilities	<u>273,580</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	631,746
Unrestricted	410,178
Total net assets	<u>\$ 1,041,924</u>

The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District

Statement of Activities

For the Year Ended December 31, 2008

Function/Programs Primary government	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Total
Governmental activities					
Administrative	\$ 30,952	-	-	(30,952)	(30,952)
Professional services	6,487	23,034	-	16,547	16,547
Personnel costs	35,807	-	-	(35,807)	(35,807)
Operation, maintenance, and capital outlay	267,889	-	34,014	(233,875)	(233,875)
Interest on long-term debt	13,303	-	-	(13,303)	(13,303)
Total primary government	354,438	23,034	34,014	(297,390)	(297,390)
General revenues					
Property taxes				239,599	239,599
Other income				5,052	5,052
Interest earnings				5,162	5,162
Total general revenues				249,813	249,813
Change in net assets				(47,577)	(47,577)
Net assets - beginning				1,089,501	1,089,501
Net assets - ending				\$ 1,041,924	1,041,924

The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Capital Projects	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 23,048	185,670	208,718
Prepaid expenses	4,944	-	4,944
Receivables (net)			
Property taxes	210,767	-	210,767
Due from other funds	-	-	-
Total assets	<u>238,759</u>	<u>185,670</u>	<u>424,429</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable and accrued expenses	1,724	-	1,724
Deferred revenue	12,394	-	12,394
Due to other funds	-	-	-
Total liabilities	<u>14,118</u>	<u>-</u>	<u>14,118</u>
Fund Balances			
Unreserved, reported in			
General fund	224,641	-	224,641
Capital projects fund	-	185,670	185,670
Total fund balances	<u>224,641</u>	<u>185,670</u>	<u>410,311</u>
Total liabilities and fund balances	<u>\$ 238,759</u>	<u>185,670</u>	<u>424,429</u>

The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District
Balance Sheet Reconciliation to Statement of Net Assets
December 31, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental fund types	\$ 410,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,461,305 and the accumulated depreciation is \$1,570,230.	891,075
Long-term liabilities, including notes and lease payable, is not due and payable in the current period and therefore is not reported in the funds.	<u>(259,462)</u>
Net assets of government activities	<u><u>\$ 1,041,924</u></u>

The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Capital Projects	Total Governmental Funds
<u>Revenues</u>			
Property taxes	\$ 208,797	-	208,797
Fee in lieu	23,764	-	23,764
Prior year taxes	7,038	-	7,038
Other income	28,086	-	28,086
Grant income	29,880	4,134	34,014
Interest	5,162	-	5,162
Total revenues	<u>302,727</u>	<u>4,134</u>	<u>306,861</u>
<u>Expenditures</u>			
Current			
Administrative	30,952	-	30,952
Professional services	6,487	-	6,487
Personnel costs	35,807	-	35,807
Operation, maintenance, and capital outlay	45,989	80,761	126,750
Debt service	-	50,133	50,133
Total expenditures	<u>119,235</u>	<u>130,894</u>	<u>250,129</u>
Excess revenues over (under) expenditures	<u>183,492</u>	<u>(126,760)</u>	<u>56,732</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	179,500	179,500
Transfers (out)	<u>(179,500)</u>	-	<u>(179,500)</u>
Total other financing sources and uses	<u>(179,500)</u>	<u>179,500</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,992	52,740	56,732
Fund balance - beginning of year	220,649	132,930	353,579
Fund balance - end of year	<u>\$ 224,641</u>	<u>185,670</u>	<u>410,311</u>

The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District
Statement of Changes Reconciliation to Statement of Activities
For the Year Ended December 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 56,732
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 2,500	
Depreciation	<u>(143,639)</u>	(141,139)

The governmental funds report repayment of note and lease principal as an expenditure. In the statement of activities, it is a reduction of the lease payable.	33,977
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	<u>2,853</u>
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Change in net assets of governmental activities	<u><u>\$ (47,577)</u></u>
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The notes to the financial statements are an integral part of this statement.

South Summit Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Favorable (Unfavorable)
<u>Revenues</u>				
Property taxes	\$ 205,000	206,000	208,797	2,797
Fee in lieu	30,000	31,000	23,764	(7,236)
Prior year taxes	18,200	13,000	7,038	(5,962)
Grants	-	33,500	29,880	(3,620)
Other income	16,000	29,200	28,086	(1,114)
Interest	9,000	6,000	5,162	(838)
Total revenues	<u>278,200</u>	<u>318,700</u>	<u>302,727</u>	<u>(15,973)</u>
<u>Expenditures</u>				
Current				
Administrative	34,800	31,100	30,952	148
Professional services	13,000	7,000	6,487	513
Personnel costs	47,300	32,775	35,807	(3,032)
Operation, maintenance, and capital outlay	44,520	42,820	45,989	(3,169)
Total expenditures	<u>139,620</u>	<u>113,695</u>	<u>119,235</u>	<u>(5,540)</u>
Excess revenues over (under) expenditures	<u>138,580</u>	<u>205,005</u>	<u>183,492</u>	<u>(21,513)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	(146,000)	(179,500)	(179,500)	-
Total other financing sources and uses	<u>(146,000)</u>	<u>(179,500)</u>	<u>(179,500)</u>	<u>-</u>
over (under) expenditures and other uses	(7,420)	25,505	3,992	(21,513)
Fund balance - beginning of year	<u>220,649</u>	<u>220,649</u>	<u>220,649</u>	<u>-</u>
Fund balance - end of year	<u>\$ 213,229</u>	<u>246,154</u>	<u>224,641</u>	<u>(21,513)</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

South Summit Fire Protection District
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The District is a special service district governed by an elected board of commissioners, consisting of one chairman and two board members. As required by generally accepted accounting principles, these financial statements are required to represent the District and its component units. Component units are entities for which the District would be considered to be financially accountable. The District has no component units to consider for inclusion in the financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, when business-type activities exist.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 1 - Summary of Significant Accounting Policies - continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects* fund is used to account for the accumulation of revenues and the purchase or construction of capital assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has no proprietary funds to report.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 1 - Summary of Significant Accounting Policies - continued

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles.

Property taxes are collected by the County Treasurer and remitted to the District shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

3. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 1 - Summary of Significant Accounting Policies - continued

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15
Equipment	7
Vehicles	5

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the South Summit Fire Protection District's Board on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, and capital projects funds. Tentative budgets must be adopted on or before December 28th for the following fiscal year, beginning January 1. Budgets may be increased by resolution of the District Board at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund and function. The Board may make transfers of appropriations within a fund. The legal level of budgetary control is the function level. Appropriations lapse at December 31. During the year, supplemental appropriations were made to decrease General Fund expenditures by \$25,925.

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South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 2 - Stewardship, Compliance, and Accountability - continued

Utah State law states that expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution. As such the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. During the current year, expenditures exceeded budgeted amounts in personnel costs and operation, maintenance, and capital outlay functions. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to the greater of 100% of current year property tax, or 25% of total general fund revenue if annual general fund budget is greater than \$100,000. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the District has one year to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. The general fund, fund balance was in State compliance at December 31, 2008.

Note 3 - Detailed Notes on all Funds

Deposits and investments

The District maintains cash accounts with local institutions only. The District has no other investments.

Utah State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of December 31, 2008, the District had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	<u>\$213,429</u>

Custodial credit risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to them. As of December 31, 2008, none of the District's bank balance was exposed to custodial credit risk because it was insured.

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 3 - Detailed Notes on all Funds - continued

Captions on the statement of net assets related to cash and investments are as follows:

Cash and cash equivalents	\$208,718
Restricted assets	
Cash and cash equivalents	-
Total cash	<u>\$208,718</u>

Capital assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Primary Government	Beginning			Ending
Governmental activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated				
Land	\$ 177,000	-	-	177,000
Water rights	1,000	-	-	1,000
Total capital assets not being depreciated	<u>178,000</u>	<u>-</u>	<u>-</u>	<u>178,000</u>
Capital assets being depreciated				
Buildings and improvements	802,890	-	-	802,890
Machinery and equipment	1,477,915	2,500	-	1,480,415
Total capital assets being depreciated	<u>2,280,805</u>	<u>-</u>	<u>-</u>	<u>2,283,305</u>
Less accumulated depreciation for				-
Buildings and improvements	464,683	17,245	-	481,928
Machinery and equipment	961,908	126,394	-	1,088,302
Total accumulated depreciation	<u>1,426,591</u>	<u>143,639</u>	<u>-</u>	<u>1,570,230</u>
Total capital assets, being depreciated, net	<u>854,214</u>	<u>(143,639)</u>	<u>-</u>	<u>713,075</u>
Governmental activities capital assets, net	<u>\$ 1,032,214</u>	<u>(143,639)</u>	<u>-</u>	<u>891,075</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities

Buildings	\$ 17,245
Operations and maintenance	<u>126,394</u>
	<u>\$143,639</u>

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 3 - Detailed Notes on all Funds - continued

Interfund transfers

<u>Transfers out</u>	<u>Transfers in</u>		<u>Total transfers out</u>
	<u>General fund</u>	<u>Capital projects fund</u>	
General fund	\$ -	179,500	179,500
Capital projects	-	-	-
Total transfer in	<u>\$ -</u>	<u>179,500</u>	<u>179,500</u>

The \$179,500 transfer from the general fund to the capital projects fund adds to monies being used in capital projects for upgrading or constructing a new fire station in Kamas, purchasing new apparatus for the Oakley fire station, and paying down debt from prior purchases.

Capital leases

In the prior year, the District entered into a lease agreement as lessee for financing the acquisition of a new fire truck in governmental activities. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. Interest expense of \$133 was accrued in relation to the lease for the year ending December 31, 2008.

The assets acquired through outstanding capital leases are as follows:

	<u>Governmental</u>
Fire truck	<u>\$259,329</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008 were as follows:

<u>Year ending December 31:</u>	<u>Governmental</u>
2009	50,133
2010	50,133
2011	50,133
2012	50,133
2013	50,133
2014	50,133
	<u>300,801</u>
Less: Amounts representing interest	<u>(41,472)</u>
Present value of minimum lease payments	<u>\$259,329</u>

South Summit Fire Protection District
Notes to Financial Statements-Continued
December 31, 2008

Note 3 - Detailed Notes on all Funds - continued

Long-term debt

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital lease payable	\$ 293,306	-	33,977	259,329	38,144
Total governmental activities long-term	\$ 293,306	-	33,977	259,329	38,144

Note 4 - Other information

Pension plan obligations

The District does not have any employees that qualify for Utah State or any other retirement program. Services are provided on a volunteer basis.

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Contingent liabilities

The District had no contingent liabilities as of December 31, 2008.

SUPPLEMENTARY INFORMATION

South Summit Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Capital Projects
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Favorable (Unfavorable)
<u>Revenues</u>				
Grants	\$ -	4,200	4,134	(66)
Total revenues	-	4,200	4,134	(66)
<u>Expenditures</u>				
Current				
Operations, maintenance, and capital outlay	86,000	96,200	80,761	15,439
Debt service	60,000	90,000	50,133	39,867
Total expenditures	146,000	186,200	130,894	55,306
Excess revenues over (under) expenditures	(146,000)	(182,000)	(126,760)	55,240
<u>Other Financing Sources (Uses)</u>				
Transfers in	146,000	179,500	179,500	-
Transfers (out)	-	-	-	-
Total other financing sources and uses	146,000	179,500	179,500	-
Excess of revenues and other sources over (under) expenditures and other uses	-	(2,500)	52,740	55,240
Fund balance - beginning of year	132,930	132,930	132,930	-
Fund balance - end of year	\$ 132,930	130,430	185,670	55,240

The notes to the financial statements are an integral part of this statement.

OTHER REPORTS

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners
South Summit Fire Protection District
Oakley, Utah

We have audited the financial statements of the governmental activities and each major fund of South Summit Fire Protection District, as of and for the year ended December 31, 2008, which collectively comprise the South Summit Fire Protection District's basic financial statements and have issued our report thereon dated April 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Summit Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Summit Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Summit Fire Protection District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the South Summit Fire Protection District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the South Summit Fire Protection District's financial statements that is more than inconsequential will not be prevented or detected by the South Summit Fire Protection District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the South Summit Fire Protection District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of Utah Association of CPAs | American Institute of CPAs

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA
Cathie Hurst, CPA | Heather Christopherson, CPA | Brandon Olsen, CPA
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Summit Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of South Summit Fire Protection District, in a separate letter dated April 30, 2009.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wink & Associates, P.C.

April 30, 2009

Ulrich & Associates, PC

Certified Public Accountants

STATE LEGAL COMPLIANCE REPORT

The Board of Commissioners
South Summit Fire Protection District
Oakley, Utah

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Summit Fire Protection District as of and for the year ended December 31, 2008, and have issued our report thereon dated April 30, 2009. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Property Tax Limitations
Cash Management	Special Districts
Purchasing Requirements	Other Compliance Requirements
Budgetary Compliance	

The District did not receive any major or nonmajor State grants during the year ended December 31, 2008.

The management of the South Summit Fire Protection District, is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above. Our audit procedures disclosed immaterial instances of noncompliance which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the South Summit Fire Protection District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2008.



April 30, 2009

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South Summit Fire Protection District

Schedule of Findings State Legal Compliance

FINDINGS

1. Budgetary Compliance

No entity shall incur expenditures or encumbrances in excess of the total appropriation for any department in the general fund. In the current year, the personnel costs exceeded the budgeted amount by \$3,032 and operation, maintenance, and capital outlay exceeded the budgeted amount by \$3,169.

Recommendation

We recommend that the budget be reviewed at year end and adjusted accordingly with a budget hearing if required.

Management Response

In prior years, we have been vigilant in monitoring the expenses incurred in each department. In the current year, some expenses were posted to accounts where they were not being tracked as well as they could have been. We will continue to monitor and adjust the budget as needs be, to keep the expenditures in line with budgeted amounts.